

Assembly Bill No. 2663

Passed the Assembly August 23, 2010

Chief Clerk of the Assembly

Passed the Senate August 19, 2010

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2010, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to add Article 7.1 (commencing with Section 53834) to Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 2663, Bonnie Lowenthal. Local government: federal fiscal year.

Existing state constitutional law requires specified revenues from the Highway Users Tax Account to be deposited in various accounts and to be allocated, in part, to cities, counties, or cities and counties, for prescribed purposes. Existing law also requires, for specified periods during the 2009–10 and 2010–11 fiscal years, the borrowing, transfer, or suspension of these allocated revenues, as prescribed.

This bill would make several legislative findings and declarations relating to cities that observe the federal fiscal year calendar. The bill would provide that if the Legislature transfers, borrows from, or suspends these allocated revenues, the respective transaction would be suspended during the months of July, August, and September for a city observing the federal fiscal year. The transfer, borrowing, or suspension of revenues would instead commence on October 1 and be completed on or before June 30 of that same state fiscal year.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) Cities observing the federal fiscal year calendar instead of the state fiscal year calendar experience an additional burden when the state borrows or suspends local government revenues in the first three months of the state fiscal year.

(b) The required transfer, suspension, or borrowing of funds by the state in the months of July, August, or September require cities observing the federal fiscal year calendar to make drastic budgetary reductions in the last three months of their fiscal year.

(c) Relief is needed so that cities that observe the federal fiscal year calendar may remit those payments to the state at the beginning, rather than at the end, of their fiscal year.

SEC. 2. Article 7.1 (commencing with Section 53834) is added to Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code, to read:

Article 7.1. Federal Fiscal Year Local Governments

53834. (a) For purposes of this article, the following terms shall have the following meanings:

(1) “Federal fiscal year” means a fiscal year beginning on October 1 and ending September 30.

(2) “Federal fiscal year city” means any city that observes the federal fiscal year calendar.

(3) “State fiscal year” means a fiscal year beginning on July 1 and ending June 30.

(b) If the Legislature transfers, borrows, or suspends revenues allocated to a federal fiscal year city the transaction shall be suspended during the months of July, August, and September. The transfer, borrowing, or suspension of revenues shall instead commence on October 1 and shall be completed on or before June 30 of that same state fiscal year.

(c) This section shall apply only to the borrowing, transfer, or suspension of revenues from the Highway Users Tax Account required to be apportioned to cities and counties pursuant to Chapter 3 (commencing with Section 2100) of Division 3 of the Streets and Highways Code, including the revenues apportioned pursuant to Section 2103 of the Streets and Highways Code, as amended by Chapter 12 of the Eighth Extraordinary Session, Statutes of 2010.

Approved _____, 2010

Governor